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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

June 7, 2006

The Honorable Laura Knaperek, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed a 12-month followup of the Yuma Elementary School District's implementation status for the 17 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in March 2005. As the attached grid indicates:

- 6 recommendations have been implemented, and
- 11 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Debbie Davenport
Auditor General

Enclosure

cc: Mr. Thomas Rushin, Superintendent
Governing Board
Yuma Elementary School District

Yuma Elementary School District

12-Month Follow-Up Report to

Performance Audit Report issued March 2005

CHAPTER 1: Administration

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should obtain detailed computer service billings so that it can appropriately classify the expenditures as administrative or plant operation & maintenance costs.	Implemented at 6 months	
2. The District and its Intergovernmental Agreement (IGA) partners should determine the factors that constitute usage to provide an equitable basis for allocating costs. Further, the partners should ensure that all associated costs, such as the CEO's office, are accounted for and appropriately allocated.	Implementation in Process	The District and its IGA partners continue to evaluate the need for the CEO position. Therefore, to date, the costs associated with the CEO's office have not been allocated among the IGA partners. Auditors will review this recommendation again at the time of the District's 18-month status report.
3. The District should evaluate its participation in the computer services IGA and determine if this is the most cost-effective method for obtaining its computer-related services.	Implemented at 6 months	
4. The District should ensure that it follows competitive purchasing rules, including those related to sole source designations, when purchasing goods or services.	Implementation in Process	While no problems were noted regarding sole source contracts, the District did not follow competitive purchasing practices for some of the reviewed purchases. For example, sufficient bid evaluation documentation was not available to support three of the six contracts that were reviewed.

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CHAPTER 2: Food Service

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should monitor its food and supply costs and identify ways to lower them, such as purchasing items from vendors that do not add shipping charges and purchasing less expensive meal ingredients instead of prepackaged foods to ensure that the program will continue to be self-supporting.	Implementation in Process	The District is currently working with a local vendor to obtain lower-cost milk than the current vendors offer.

CHAPTER 3: Student Transportation

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should work with the high school district to determine a more equitable method for allocating the student transportation IGA's costs between the two districts.	Implemented at 6 months	
2. The District should conduct analyses of the transportation IGA's costs to ensure that the labor and mileage billing rates are appropriate and that all costs are recovered.	Implemented at 6 months	

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CHAPTER 3: Student Transportation (cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
3. The District should redesign and regularly review its bus routes for increased efficiency.	Implementation in Process	The District installed a computerized bus routing system, but the system has not yet been fully implemented. According to the District, it plans to use the software only for new routes and route expansions in developing areas. Auditors will review this recommendation again at the time of the District's 18-month status report.
4. The District should establish a review process to ensure that all services provided through the transportation IGA are appropriately billed and the revenues are collected and deposited	Implemented at 12 months	
5. The District should ensure proper security of the vehicle parts inventory, including implementing a periodic or perpetual inventory system.	Implementation in Process	The District is in the process of implementing a computerized inventory management system. Auditors will review this recommendation again at the time of the District's 18-month status report.

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CHAPTER 3: Student Transportation (cont'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>6. The District should consider increasing the security of its fuel cards to require entry of accurate odometer readings and vehicle and license plate numbers.</p>	<p>Implementation in Process</p>	<p>The District implemented the Voyager card system, the fuel card system used by state agencies throughout Arizona, to provide sufficient control over fuel usage and purchases for its nonstudent transportation vehicles. However, fuel for school buses is still purchased through a different card system that does not have sufficient security features. Further, the District continues to store bus fuel cards in an unlocked area.</p>
<p>7. The District should ensure accurate mileage reporting to the Arizona Department of Education.</p>	<p>Implementation in Process</p>	<p>The District continues to work to ensure that it accurately records and reports route mileage. Auditors will review this recommendation again at the time of the District's 18-month status report.</p>

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CHAPTER 3: Student Transportation (concl'd)

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>8. The District should clarify the Yuma Educational Consortium's role and authority, and discontinue any agreements the District does not have the authority to enter into, such as its transportation service agreements with private schools and contracts that were not competitively procured.</p>	<p>Implementation in Process</p>	<p>The District has revised the structure of the Yuma Educational Consortium to clarify its role and authority. While it no longer has student transportation service agreements with private schools, the District continues to provide services, such as charter bus trips and vehicle repair and maintenance, to private schools and other entities. Auditors will review this recommendation again at the time of the District's 18-month status report.</p>

CHAPTER 4: Plant Operation and Maintenance

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. The District should continue to pursue termination of its agreement with its telephone vendor to eliminate the costs of the telephone system it no longer uses. Further, in the future, the District should perform cost-benefit analyses considering all pertinent costs, such as existing contracts when evaluating major purchases.</p>	<p>Implementation in Process</p>	<p>According to the District, it plans to perform appropriate cost analyses the next time it takes bids for a major purchase.</p>

**Yuma Elementary School District
12-Month Follow-Up Report to
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CHAPTER 5: Proposition 301 monies

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its Prop 301 plan addresses how it intends to spend base pay and menu options monies. Further, the plan should specify which of the six allowable options it is addressing with its menu monies.	Implemented at 6 months	

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CHAPTER 6: Classroom Dollars

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should classify all transactions in accordance with the Uniform Chart of Accounts for school districts.	Implementation in Process	The District continues to work to ensure that it correctly classifies transactions in accordance with the Uniform Chart of Accounts. Auditors will review the status of this recommendation again after the District has finalized its fiscal year 2006 accounting records.
2. The District should closely analyze its nonclassroom spending to determine if savings can be achieved and if some of those monies can be redirected to the classroom.	Implementation in Process	The District has not performed any recent analyses of its nonclassroom spending.